

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1200 - HB 1261**

February 21, 2021

**SUMMARY OF BILL:** Increases, from \$10,000 to \$25,000, thresholds above which certain counties must provide public advertisement and seek competitive bids for certain purchases and authorizes the use of proposals and quotes in addition to competitive bids.

**ESTIMATED FISCAL IMPACT:**

**Decrease Local Expenditures – Exceeds \$1,100/FY21-22 and Subsequent Years**

Assumptions:

- Pursuant to Tenn. Code Ann. § 5-14-204 and § 5-14-205, certain counties are required utilize public advertisement and competitive bids for all purchases, leases, and lease-purchase agreements costing more than \$10,000.
- The proposed language would increase the threshold to \$25,000; therefore, the number of newspaper advertisements that certain counties are required to publish prior to purchases will decrease.
- Based on responses to the 2017 Local Government Survey conducted by the Fiscal Review Committee staff, participating local government officials reported the average cost for a newspaper notification is \$114.
- While the precise number of purchases between \$10,000 and \$25,000 made by such counties each year is unknown, it is reasonably estimated that at least 10 percent, or 10 counties (95 counties x 10.0%) statewide will have one less newspaper notification each year as a direct result of the increased thresholds.
- The decrease in local government expenditures is estimated to exceed \$1,140 (10 notifications x \$114 per notification) beginning in FY21-22 and occurring in subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic".

Bojan Savic, Interim Executive Director

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